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RESERVE BANK
OF
NEW ZEALAND

WELLINGTON, N.Z.

APRIL · 1953

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NOTE: Where figures are given to a certain degree of approximation the total shown may not be the same as the sum of the items.

The following symbols have been used throughout the "Bulletin":

.. = not available.

- = nil or less than half the unit employed.

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Full Employment of Economic Resources

I - WHAT DETERMINES OUR "STANDARD OF LIVING"?

(THIS IS THE FIRST OF A SERIES OF ARTICLES WHICH ATTEMPTS TO DESCRIBE THE FACTORS WHICH DETERMINE THE LEVEL OF PRODUCTION AND THE STANDARD OF LIVING OF NEW ZEALANDERS. IT WILL INCLUDE A DISCUSSION OF THE CONCEPT OF "FULL EMPLOYMENT" AND OF THE POLICY PROBLEMS INVOLVED IN TRYING TO ACHIEVE THE BEST POSSIBLE USE OF OUR ECONOMIC RESOURCES.)

IT IS SOMETIMES CLAIMED that New Zealand has the highest standard of living in the world. Others say that the United States is in the lead by a substantial margin. Statements of this kind are based partly on statistics, partly on observation and opinion. The following table illustrates the type of statistics usually quoted (figures published by the Economic and Social Council of United Nations):—

NATIONAL INCOME (1949) PER HEAD
(IN U.S. DOLLARS)

| | | | |
|----------------|------|----------|-----|
| U.S.A. | 1440 | France | 480 |
| Canada | 900 | U.S.S.R. | 310 |
| Switzerland | 850 | Japan | 100 |
| Sweden | 820 | Ceylon | 75 |
| United Kingdom | 775 | India | 54 |
| New Zealand | 750 | Pakistan | 50 |
| Australia | 700 | Thailand | 40 |

(Too great accuracy should not be attributed to these figures owing to the difficulties of measurement and the use of official exchange rates to convert local currencies into dollars—rates which do not necessarily reflect accurately the differences in the purchasing power of currency units.)

Expressed in more general terms, Asia has over half the world's population but only one-tenth of the world's national incomes; North America has less than 10 per cent of world population but nearly 45 per cent of world income. Little is to be gained by arguing the point about New Zealand's relative position, but there is value in considering the basis of a country's standard of living, and some causes of differences between countries. What is it which enables people in one country to enjoy a high level of incomes and consumption and forces people in another to be "poor"? What is it which causes standards of living to rise, and to rise faster in some countries than in others? If the answers to these questions can be found, publicised and applied to national policies, they will help to solve the problem of achieving real economic progress.

"The standard of living" is a vague concept. To some extent, however, it can be measured in terms of the physical volume of consumption and of production, as well as by national income per head of population. Discussion of the subject tends to concentrate on these aspects since they are obviously the most important part of our standard of living and are capable of being assessed statistically, an important consideration when it comes to formulating economic policies. There are however, other aspects of the standard of living which should not be overlooked, e.g., the equality or inequality of the distribution of incomes, both in monetary and real terms; and some factors not so capable of statistical evaluation, such as the opportunities for individuals to improve their standard of living, the degree of economic security, social amenities, the amount of leisure, freedom from

crime and corruption, political stability, efficiency of public administration, cultural attainments and so on. It is in some of these intangible things that New Zealand has advantages over other countries (and perhaps also some disadvantages); but for the purposes of this discussion we must ignore the subjective, unmeasurable aspects of the standard of living and concentrate on production and consumption per head. In this respect, New Zealand falls short of the achievements of North America.

Every country wants to raise its standard of living; that is a natural human objective, even for countries which are relatively well off already. Every country is to some extent "under-developed," including the United States. The world as a whole has large unused or inadequately-used resources, while at the same time there are hundreds of millions of people whose standard of living is far below a reasonable level and scarcely adequate for subsistence. The unsatisfied potential demand for goods is thus enormous; and as the poorest countries learn something of the possibilities of production, their dissatisfaction with low standards of living shows itself in an urge to increase production. They are learning that they can consume more only if they produce more—a fact which people in some more advanced countries are in danger of forgetting.

For short periods a country may consume more than it produces by reducing its stocks of goods—a process which can only be temporary, since stocks must be replaced sooner or later. It may also increase consumption temporarily by incurring a deficit in its external balance of payments on current account—an excess of payments over receipts of goods and services. If this deficit is financed by a reduction of monetary reserves, it can be allowed to continue only for a short time, since reserves have to be protected sooner or later, and built up again. If the deficit is financed by external borrowing the debt will have to be repaid eventually; but so long as a country is a net borrower there is an addition to the resources available to it.

Another way in which consumption may increase is through an improvement in the terms of trade. By this we mean a situation in which export prices rise more or fall less than import prices, so that a given volume of exports will permit the purchase of a greater volume of imports. In recent years terms of trade have fluctuated greatly, and this has been a major factor influencing the amount of resources available to countries whose external trade is large relative to their national income. (See "Bulletin" for October, 1952.) It may be that in the future the terms of trade will move in favour of countries producing primary commodities (and that includes New Zealand)—a point of view which is receiving increasing support.

In spite of these qualifications, it remains broadly true that a country can improve its standard of living

only by producing more goods and services. What then are the factors which determine the volume of production? They are:—

- (1) Natural resources;
- (2) Size of the labour force;
- (3) Quality of the labour force;
- (4) Capital equipment;
- (5) Motive power.

It is by increasing these resources, or by a more efficient use of them, that production can be increased.

Natural Resources

Nature has provided the physical materials needed by man but has distributed them unevenly around the world. Geographical and political boundaries divide up the world into areas which differ greatly in their natural wealth, some being much better endowed than others. The presence of large mineral deposits, or large areas of fertile land, or a favourable climate gives a country a "flying start" towards a high standard of living. But the resources still have to be exploited efficiently, and this is not always done. On the other hand, the absence of good natural resources does not necessarily mean a low standard of living. Some of the most prosperous communities in the world live in areas which (relative to population) are not well endowed by nature—e.g. Switzerland, Belgium, and even the United Kingdom. What has been lacking in the form of vast areas of agricultural land and mineral resources has been compensated for by concentrating on production for export of manufactured goods from raw materials mainly imported, with the population fed largely from imported food. For New Zealand, climate and soil—especially climate—are conducive to a high rate of farm production, but as far as is now known exploitable mineral resources are, except for coal and lime, almost non-existent. (Next month's article in this series will deal more fully with this topic).

Size of Labour Force

The wealth produced by a country has to be shared among the population, so that the relation of population to natural resources is an important factor. The "Malthusian devil" of a pressure of population on food resources has been held at bay in some countries by the improvement in techniques of production, but it is still possible for countries to be over-populated and the standard of living to suffer as a result. Nevertheless, it is broadly true that, given an adequate supply of other resources, an increase in the total labour force is a means to increasing production.

Another significant factor is the proportion of workers (meaning all occupied persons) to total population. In New Zealand, of a total population of just over two millions, the labour force numbers about 760,000 or 38 per cent. This means that each worker has to support an average of 2.6 persons; but in other countries, where the birth rate is higher, the average number of dependants may be greater and each worker must achieve greater productivity in order that he and his dependants may enjoy the same standard of living.

It is not enough, however, merely to count heads, and to avoid unemployment. The fact that a person is employed may be satisfactory in the sense that he is not unemployed and he must be doing something which someone wants him to do; but he may be occupied in work below his capacity, or on less productive work while more important jobs are held up by

shortage of labour. It is important, therefore, to ensure that the more essential industries have an adequate labour supply, by providing incentives which will increase the mobility of labour.

Quality of Labour Force

The importance of this factor hardly needs emphasis. It is not only a matter of trade training, but of training and efficiency at all levels—manual, scientific and financial skills, good management, research, common sense, imagination, and initiative. It is initiative, or enterprise, which is often the greatest lack. Without it the best-equipped factory or farm or business may lag in production. With it, the remaining factors of production are likely to be provided and stimulated. But enterprise needs incentives, and human nature is such that incentives have to be provided mainly by tangible rewards. This is equally true under state controls as under free enterprise.

Capital

It cannot be too firmly stated that the main factor making possible an expansion of production—and therefore an improvement in living standards—is the amount of physical capital (plant, machinery, equipment etc.) available per worker. This more than anything else is what has accounted for the rise in production since the industrial revolution, and the differences in living standards between countries. There are several ways of showing the wide disparities between countries—e.g. total outlay on physical capital per head, average horse-power of machinery per worker, or consumption of steel.

(a) An Indian writer¹ recently calculated from official statistics that in 1950 the annual capital outlay per head of population was 34 times as great in the U.S.A. as it was in India; and in the United Kingdom it was 7 times as great.

(b) The following table shows recent changes in steel consumption per head in several countries (in ingot lbs.):

| | Average 1937-38 | 1951 | Increase % |
|-----------|--------------------|------|---------------|
| U.S.A. | 641 | 1343 | 110 |
| Canada | 346 | 793 | 129 |
| Sweden | 482 | 715 | 48 |
| Australia | 428 | 643 | 50 |
| U.K. | 495 | 642 | 30 |
| Italy | 123 | 166 | 35 |

(Source: "Economist," 21st March, 1953.)

(c) Another calculation² shows that industrial investment per worker in a group of "under-developed" countries in 1939 was on average only 11 per cent of that of a group of "developed" countries.

The amount of capital required in a modern developed economy is enormous. In the United States, an analysis of the accounts of 100 of the largest manufacturing corporations, as at the end of 1949, showed that plant and equipment (at cost less depreciation) was valued at \$5,400 per worker. In New Zealand, our factory statistics for 1950-51 show "land, buildings, plant and machinery" valued at £1,207 (\$3,380) per

¹ B. T. THAKUR, "Economic Basis of Higher Standards of Living". Supplement to the United Commercial Bank Review, August, 1952, page 24.

² SEYMOUR E. HARRIS "Some Aspects of Foreign Aid and Development" (In *Economia Internazionale*, August, 1950, page 688.)

person employed. (These figures are indicative of the amount of capital required, but are not comparable.)

To expand production requires more and more capital; but it is not enough only to add to the country's capital assets. Existing assets must be maintained, repaired and replaced. This in itself requires substantial resources and appropriate financial and accounting measures. A country which wants economic progress must be "capital-conscious", and make adequate provision out of its own resources to increase its capital and maintain it in good working order.

Power

Machinery cannot work without motive power, and differences in living standards are closely correlated with differences in heat and motive power consumed per head, as shown in the following table (in milliards

of calories, for 1949):—

| | |
|----------------|----|
| United States | 34 |
| United Kingdom | 10 |
| Belgium | 8 |
| France | 5 |
| Switzerland | 3 |
| Italy | 1 |

(Source: "Economic Bulletin for Europe," April, 1952.)

Summary

The above brief outline indicates that a country wishing to improve its standard of living must not only keep its labour force occupied, but must see that it is occupied to the best advantage, and must provide it with adequate capital equipment and with incentives to produce more. There is no short cut to a higher standard of living.

Stabilisation of Farm Incomes

II — STABILITY OF EXPORT INCOME

THE FIRST ARTICLE IN THIS SERIES SUMMARISED NEW ZEALAND'S POSITION AS AN EXPORTER OF PRIMARY PRODUCTS AND DISCUSSED SOME OF THE EFFECTS OF CHANGING EXPORT PRICES ON THE DOMESTIC ECONOMY. THIS ARTICLE COVERS THE VARIOUS METHODS USED IN TRYING TO ACHIEVE SOME STABILITY IN PRICES OF EXPORTS.

Inter-war Period

In the years immediately following the first World War, market conditions were disturbed, and an impetus was thus given to the establishment of various bodies in New Zealand to exercise some control over the marketing of exports. The Wool Committee was set up in 1921 to control the quantities of wool offered for sale at auction, in collaboration with the British Australia Wool Realisation Association Ltd. ("Bawra"). This organisation had been formed to dispose in an orderly manner of the heavy stocks of wool accumulated in the United Kingdom during the war. The Wool Committee continued in existence until its functions were taken over by the Marketing Department in 1939 (see later).

The bodies set up to handle meat and dairy produce were granted more extensive functions than those given to the Wool Committee. The New Zealand Meat Producers Board set up in 1922 had powers "to act as agent for the producers of meat in respect of the preparation, storage and shipment of meat, and in respect of the disposal of such meat beyond New Zealand". The Board arranged all shipments of frozen meat from New Zealand and negotiated all contracts for the carriage by sea of this produce. Somewhat similar powers were given to the New Zealand Dairy Produce Control Board (now the New Zealand Dairy Board) set up in 1924. These arrangements were designed to achieve a certain degree of price stability by regulating the supply of produce reaching the market in the United Kingdom. In regulating shipments the exporting bodies in New Zealand considered such factors as the stock position in the United Kingdom, the time of arrival of produce from other exporting countries, seasonal demand in the United Kingdom, and local conditions affecting production or shipment of the produce. The Dairy Board also had authority to participate in the overseas marketing of dairy produce. It exercised this power only for a short time but continued its control over ship-

ments, advertising and insurance. These measures did help to reduce price fluctuations to some extent but they could not overcome the inherent instability of the general price level of primary products.

The depressions of the 1930's caused a sharp decline in world consumption of butter, cheese and meats in the face of increased output in producing countries. Duties and import restrictions were imposed in many importing countries and much of the produce normally sold in continental markets was diverted to the United Kingdom so that prices for New Zealand's produce were affected. Among the measures taken to meet this situation were the Ottawa agreements (see "Bulletin" for February, 1953) and the passing in New Zealand of the Agriculture (Emergency Powers) Act, 1934. This Act set up an Executive Commission of Agriculture with power to co-ordinate the work of the several Boards and other authorities exercising powers with respect to New Zealand primary products.

Up to this time the New Zealand Meat Producers Board and the New Zealand Dairy Board were still controlling shipments of produce to the overseas markets, but a new stage began in 1936 when a special department was set up under the Primary Products Marketing Act to be the Government's agent for the purchase of dairy produce for export. This step inaugurated the system of guaranteed prices to farmers (to be described next month) and was designed to protect producers from the effects of fluctuations in prices for dairy products.

War-time Agreements

On the outbreak of war in September, 1939 this department, which became known as the Marketing Department, took over from all the individual producer organisations responsibility for the overseas marketing of all major primary products. Arrangements were made between the New Zealand Government and the United Kingdom Government, whereby the latter undertook to purchase agreed quantities of New Zealand butter, cheese and frozen meats from

the production of the seasons ending July and September, 1940 respectively. Provision was made for further quantities to be taken if shipping was available. It was also arranged that the United Kingdom should purchase the entire New Zealand wool clip and stock of woolly sheepskins for the period of the war and for one season thereafter. An overall purchase price for the entire clip was agreed upon and on this basis a schedule of values for the numerous grades of wool was drawn up. The wool was graded by official appraisers and payment to growers was made according to the values fixed in the schedule. Subsequent contracts for meat and dairy produce were completed on a season-to-season basis both as regards quantities and prices. Provision was made for New Zealand to sell small quantities of meat and dairy produce in markets outside the United Kingdom. During the course of the war, contracts covering tallow, dried milk and other minor export products were negotiated.

In 1944 long-term contracts were completed between the Governments of the United Kingdom and New Zealand for the bulk-purchase of meat, cheese, butter and some milk products for the four seasons 1944-45 to 1947-48. Prices were fixed for the first two seasons with provision for review in subsequent years. In 1946 the period of both the meat and butter and cheese contracts was extended to the end of the 1949-50 seasons. Price increases under both contracts were arranged in each of the seasons 1946-47 and 1947-48. These contracts also provided for the setting aside of limited quantities of produce for sale to outside markets. In the meantime the war had finished so that the 1945-46 season saw the conclusion of the contract covering wool and woolly sheepskins with a return to normal auction procedure in the following season. Contracts for tallow were still negotiated annually.

The United Kingdom-Dominions Wool Disposal Limited (known as the "Joint Organisation") was set up in 1945 to market the heavy accumulations of Australian, South African and New Zealand wool which had been purchased by the United Kingdom under the appraisal system. The Organisation purchased the accumulated stocks and marketed the wool along with each season's new clip with a view to preventing the severe fall in prices which might have occurred if all the stocks had been released at once. A reserve price system was operated by the Joint Organisation for all greasy wool, whereby any lots which failed to reach a fixed reserve price at auction were taken over by the Organisation for subsequent resale. In practice the world demand for wool was such that the stocks were disposed of at good prices much faster than had been expected, and the Joint Organisation ceased operations in June, 1951.

Post-war Developments

Thus in the immediate post-war period, prices for the main items of New Zealand's export produce were either fixed by contract as in the case of meat, dairy produce and tallow, or were subject to a reserve price system as for greasy wool. Furthermore the protection offered under these schemes was assured at least until 1950 in the case of meat, butter and cheese, and in the case of wool until the heavy stocks held by the Joint Organisation were disposed of. There was at this time a widespread belief that a period of slump like that which followed the 1914-18 war would occur, and therefore New Zealand was, on the whole, favourably disposed towards a continuation of the contract system.

In 1948 the periods of the meat, butter and cheese contracts were extended to the end of the 1955 seasons.

In 1947 the handling of dairy produce for export was entrusted to the New Zealand Dairy Products Marketing Commission, a special body with Government and producer representation; in 1948 the New Zealand Meat Producers Board, acting as agent for the New Zealand Government became responsible for the export of meat.

The present contract for butter and cheese provides *inter alia* for a $7\frac{1}{2}$ per cent limit on the amount of price variation between one season and the next, and the price increases for butter which have occurred in each season since 1948-49 have been restricted to this limit. In the case of cheese the increases have been below the $7\frac{1}{2}$ per cent maximum except in 1952-53 when a 9 per cent increase was granted. Under the present contract New Zealand is committed to sending not less than $87\frac{1}{2}$ per cent of her exportable surplus of butter and not less than 90 per cent of her exportable surplus of cheese to the United Kingdom. Annual discussions are held in London on the prices for the ensuing season and quantities available for sale to other markets.

The agreement covering meat is somewhat similar and covers the exportable surplus of most types of meat. The price increases granted in each season since 1949-50 have been above the $7\frac{1}{2}$ per cent limitation specified in the original agreement. At the 1952 negotiations this limitation was raised to 10 per cent with the proviso that if proved costs of production moved by more than 10 per cent, the limitation would not apply and prices might move to the same extent as costs have altered. Early in 1952, the British Ministry of Food gave an assurance that the United Kingdom would take New Zealand's exportable surplus of meat for the next 15 years. This assurance is not a part of the existing bulk-purchase agreement.

Limited quantities of milk powders are sold under bulk-purchase contracts which continue until 1955. There are also some private contracts with manufacturers in the United States and the United Kingdom for supplies of casein. The bulk-purchase contract for tallow which had been negotiated annually since 1939-40 was not renewed at the close of the 1951-52 season.

A certain degree of stability for wool prices is provided by the activities of the New Zealand Wool Commission, set up in 1951 in place of the New Zealand Wool Disposal Commission (a branch of the "Joint Organisation"). Most New Zealand wool is sold at auction either in the United Kingdom or New Zealand and at these auctions the Commission operates a minimum price plan for all types of New Zealand wool. For the purpose of the scheme, the Commission has prepared a table of minimum values for the various classes of wool, and prior to each auction its representatives assess the minimum value of each lot in accordance with the table. The Commission may participate in the bidding at auction and, in the case of wool not reaching the minimum price, it may either supplement the sale price from its own funds to bring it to the minimum, or it may take up the wool itself at a price not exceeding the minimum. The effect of this is that the wool grower is assured of obtaining at least the minimum price for his wool, and yet receives the full benefit if prices are above this minimum.

Future of Bulk Purchase

Much discussion is taking place on the pros and cons of bulk-purchase contracts. The present contracts covering meat and dairy produce expire at the close of the 1954-55 seasons. Discussions are to be held between the two Governments to consider arrangements after that time; in the case of meat these are to take place before 31st July, 1953. No date has been fixed for discussions on the future of the contracts for butter, cheese and milk powders. Although the date for discussion on the future of the long-term meat contract is stipulated, the heads of agreement do not provide for any decision by that date.

The following are some of the advantages and disadvantages of long-term contracts which have been mentioned from time to time:—

Advantages

(a) To the United Kingdom.

Security of supply at a time when there are world shortages, and relative stability of price over a period. By offering producing countries a steady price for their produce, the United Kingdom hopes to preserve a steady flow of imports, and to encourage New Zealand producers to increase their output. Thus trade will be increased and British as well as New Zealand producers will benefit.

(b) To New Zealand.

An assured market for the major export items, in respect of both quantity and price. It is argued that this should encourage the expansion of production by permitting land development plans to be put into operation with the assurance that extra output will be sold at favourable prices.

From the national point of view the comparatively steady export income is important because it helps to stabilise National Income, thus making easier the operation of policies designed to achieve economic stability.

Disadvantages

Those who oppose the principle of long-term contracts usually put forward the following arguments:—

1. Where there is direct or indirect Government participation, negotiations on the contracts may not be entirely free from political influences.
2. Government trading is conducted differently from private trading. Private traders are apt to have more regard to the demand for their produce and try to sell in the most profitable market. The present contracts tend to prevent the full development of outside markets, and even hinder the development of the United Kingdom market.
3. The anticipated post-war depression did not eventuate. World prices for all products sold

under contract have risen steadily and the protection given to New Zealand by the limitation on price changes downwards has thus been of no practical benefit. In spite of price increases for meat granted in excess of the agreed limitation, contract prices are below world parity prices. The long-term prospects are for the terms of trade to move in favour of primary producers. Several reasons are given in support of this argument:—

- (a) Rising world population.
- (b) Improved living standards, full employment policies, and economic development programmes in most countries.
- (c) Limited areas of suitable land left for bringing into farm production.

These considerations suggest a continuing strong demand for primary products relative to supply, and therefore it is considered desirable that New Zealand should develop farm lands to the fullest possible extent and remain free to derive full benefit from favourable market conditions in future. Better returns for produce now exported could help provide the finance for such development and stimulate production.

4. The feeling that their produce is not earning all it could earn acts as a disincentive to producers. An assured price does not always stimulate greater production.
5. The United Kingdom market does not provide complete security. At present she is seeking food supplies from a number of sources and at the same time is encouraging home producers. There is no certainty that New Zealand will always be able to sell the bulk of her exports in the United Kingdom. Even under the bulk-purchase contracts, prices could, in the face of a world surplus, be reduced by more than the limit imposed by the agreements. The limitation has been exceeded in response to claims for higher prices by New Zealand—the reverse could also apply.

The points made here are only some of those to be considered in reviewing the long-term contracts. The arguments raised on both sides involve a certain amount of speculation about future world supply and demand for the products which New Zealand exports. Prospects for the immediate future depend to a large extent however, on the attitude of the present United Kingdom Government to state trading, rationing and subsidies since it would be difficult for the Ministry of Food to restore trade in meat and dairy produce to private hands so long as rationing and subsidies are applied to them.

Export-Import Bank

DURING THE 1920'S AND EARLY 1930'S there was in the United States a demand for organizations that would assist large-scale financing of United States foreign trade. Means were sought whereby long and medium-term foreign obligations could be guaranteed and bills with distant maturities could be discounted. At that period, the American banks were either unequipped or reluctant to provide these facilities. Two attempts, one in 1921 and another in 1928, to set up special organizations for the purpose proved abortive.

In February, 1934, there was announced from Washington the setting up of a bank entitled the Export-Import Bank. Its specific aim was to finance trade with the Soviet Union. The new bank, however, never became active, and in 1935 it was merged with a second Export-Import Bank which had meanwhile been set up to extend credit to countries other than the U.S.S.R. Thereafter the activities of the Bank rapidly expanded. It was successively attached to the Reconstruction Finance Corporation, the Federal Loan

Agency, the Department of Commerce, the Office of Economic Warfare, and the Foreign Economic Administration until, in 1945, it was reconstituted under the Export-Import Bank Act. It was named the "Export-Import Bank of Washington" and became an independent agency of the United States Government. Its objects were "to aid in financing and to facilitate exports and imports and the exchange of commodities between the United States or any of its territories or insular possessions and any foreign country or the agencies or nationals thereof."

The control of the Bank is vested in a Board of Directors consisting of the Administrator of the Foreign Economic Administration who is chairman, the Secretary of State, ex officio, and three other members appointed by the President of the United States by and with the advice and consent of the Senate. On all major matters of policy this board is directed to consult with an Advisory Board whose membership is identical with the National Advisory Council on International Monetary and Financial Problems, established under the Bretton Woods Agreement Act, 1945, to co-ordinate United States policy in respect of the International Monetary Fund, International Bank for Reconstruction and Development and the Export-Import Bank.

Under its 1945 Act, the Export-Import Bank of Washington has a capital stock of \$1 billion subscribed by the United States Government. It can borrow from the United States Treasury up to \$3.5 billion, and can make loans and guarantees to the extent that not more than \$4.5 billion of such is outstanding at any one time. (Before October, 1951, the lending authority of the Bank was limited to \$3.5 billion outstanding at any one time, but Congress increased this limit to enable the Bank to make new loan commitments for production of strategic materials and for essential economic development abroad.) The Bank is empowered to do all banking business except that of note circulation.

By the provisions of the Foreign Assistance Act of 1948, as amended, and continuing under the Mutual Security Act of 1951, the Bank is authorized to make available and administer credit on terms specified by the Administrator for Economic Co-operation. Under an executive order issued in August, 1951, the Bank is empowered to make loans for the production abroad of essential materials with which there are associated risks that would normally preclude assistance by the Bank under its own Act.

Although making a profit is not a major objective of the Export-Import Bank, it is nevertheless the policy of the Bank's management not only to meet out of earnings all expenses, including the interest on borrowed funds, but also to accumulate a reasonable reserve against possible future losses and thus keep the institution on a self-sustaining basis.

Participation of private capital in connection with the Bank can take place in several ways. The Bank frequently requires that foreign borrowers must finance a portion of the transaction with their own

dollar funds and usually requires that exporters carry a portion of the credit at their own risk. Where loans are for private concerns, it is usual for the borrower's government to guarantee the loan.

The following conditions are usually attached to Export-Import Bank loans:—

- (1) They must be for the purchase of United States equipment, produce or services;
- (2) The goods must, if possible, be transported in United States ships;
- (3) The loans must be made for specific projects;
- (4) The loans should be self-liquidating (i.e. the loan should be repaid from the profits of the enterprise being financed);
- (5) The project should contribute to the borrowing country's foreign exchange earnings;
- (6) The loans should not be such as could be raised from private sources.

From the Bank's inception in 1934 to 30th June, 1952, \$5.6 billions of credits had been authorised, of which \$3.6 billions had been disbursed and \$1.2 billions repaid. Commonwealth countries which have received loans include the United Kingdom \$22.5 million, Canada \$370.7 million, Australia \$1.4 million and South Africa \$35.1 million. Of the loans outstanding on the books of the Bank at 30th April, 1952, interest rates thereon ranged between $2\frac{1}{2}$ per cent and 5 per cent, with the usual rate at $3\frac{1}{2}$ or 4 per cent. The rate of interest charged is determined by several factors including the term of the loan, the nature of the commodity, or purpose of the undertaking being financed and the financial status of the borrower. Loans are generally repaid by instalment and the period for repayment may be up to 30 years. However, the longest term so far has been 25 years, whilst the majority of loans have been repayable over periods of less than 10 years.

Some examples of authorised credits made by the Bank illustrate the nature of the lending operations of the institution. On the 26th July, 1951, a credit of \$2.65 million was authorised for the purpose of a forest development programme in Indonesia. The amount is available at a rate of $3\frac{1}{2}$ per cent and the repayments are to be made semi-annually from 1st March, 1956 to September, 1970.

A loan of \$141,600 was authorised in November, 1948, to a Uruguayan paper making company for whom the Banco de la Republica acted as guarantor. The loan was for the purchase of paper making machinery and equipment manufactured by a company in the United States. The rate of interest was 4 per cent and the credit was to be repaid in 6 half-yearly instalments commencing 30th June, 1949.

In 1951 and 1952 several South African mining companies received credit authorisations amounting to \$35.1 million at a rate of 4 per cent repayable over a period of 10 years. The purpose of the loans was for the purchase of mining equipment, materials and services. In this instance there was no guarantor.

Statistics of Distribution

THE GOVERNMENT HAS AUTHORISED the Census and Statistics Department to carry out this year its first census of distribution. Preparations for the census are

now well in hand, and questionnaires will soon be dispatched to retail and wholesale firms. Traders will be asked to record their sales for the past year, their

stocks at the end of the period, the number of their employees, wages paid, the nature of their business and other details. When the completed forms have been tabulated, a wealth of data on the distributive sector of the New Zealand economy will be revealed.

These statistics will be extremely important to firms engaged in the distribution of goods. Their efforts can be directed more efficiently if the channels of distribution are better known. The statistics can be widely used by advertising and marketing research firms in furnishing market reports to their clients, and are of basic importance in the solution of various management problems within individual firms.

The census of distribution will analyse sales by various categories of goods, thus enabling a trading concern to calculate its approximate share of existing markets and to estimate within certain limits the value of its merchandise likely to be purchased by consumers within a given period. This problem of budgeting for future sales, if it can be successfully overcome, will lead to less waste in the productive process. Especially when the production period is long and roundabout, there is a great need for the best possible forecasts. There is a penalty—to the community as well as to the business—if wrong forecasts are made through insufficient information being available.

Another problem on which the census of distribution will throw much light is the calculation of regional, as distinct from total, sales potentials, for individual companies. Most firms find it desirable to divide estimates of total demand into various regions and to set sales quotas for various parts of the organisation. Sales managers should know not only the absolute amount of their products a territory should take, but also the amount relative to other regions. Selling effort can be re-directed if it is known that without good reason sales ratios in some territories are lower than in others. This avoids the overworking of some markets to the neglect of others.

The census will provide useful data by making it possible for retailers and wholesalers to appraise the standard of performance of their own firms compared with all firms in the same business. A retailer may find, for example, that sales per employee are higher in

competing shops, while information on stocks and credit sales may suggest that changes should be made in these features of the company's policy. Any increase in productivity or avoidance of waste in the operations of the thousands of shops in New Zealand represents a gain to the community as well as to the individual firms, and the census will be invaluable in inducing these results.

In defining the structure of the distributive trades, the census will be an aid to management in a variety of ways. It will also form the framework of a sample survey of sales and stocks to be conducted each month. This will be on lines similar to the scheme which the Reserve Bank operates at present in the Wellington area, but will have a more comprehensive coverage, as well as being on a national basis. Retail sales and stocks figures will be made available at regular monthly intervals, thus providing a picture of changes in business conditions throughout the country.

When the census has been completed and the monthly sample survey has been instituted, the economy will be much better provided with indicators of activity. So far censuses of production only are taken each year and a census of distribution even at five-yearly intervals will fill a great gap in existing knowledge. The maintenance of high output and full (as distinct from over-full) employment involves policy decisions which can be correctly made only on a basis of facts. Reports founded on hearsay or on information that is out of date or inadequate are not conducive to flexibility and wisdom in monetary and economic policy. For example, import requirements in the months ahead can be assessed more accurately if the value of stocks held within New Zealand is known. This figure is believed to vary by tens of millions of pounds but little is known of the changes at the time they occur. Also the rate at which stocks are being used gives some indication of the volume of orders likely to be placed with local factories and overseas suppliers.

The increasing complexity of the economy requires that no major avenues of activity pass unrecorded, and statistics of distribution will be an important contribution to this end.

Shorter Notes

Board of Directors

By Order-in-Council dated 8th April, 1953, Mr. W. N. Perry, a former president of Federated Farmers, Mr. S. M. Hobbs, retired public accountant, and Mr. T. P. Hanna, hitherto Chief Cashier to the Reserve Bank, were appointed to the Board of Directors in accordance with section 7 of the Reserve Bank of New Zealand Amendment Act, 1936. This brought the numerical strength of the Board up to nine, leaving one vacancy.

Mr. Gilbert Wilson has been appointed Chief Cashier to replace Mr. Hanna.

Pulp and Paper Project

Construction of the Tasman Pulp and Paper Company's mills at Onepu, near Whakatane in the Bay of Plenty, will commence in September, 1953, and the plant is expected to be in production on a commercial scale by October or November, 1955. The plant will be capable of producing annually 75,000

tons of newsprint, 72 million board feet of sawn timber (on a two-shift basis), and 36,000 tons of kraft pulp. The original plan to site the mills at Murupara has been revised, although Murupara will still remain the centre of logging operations.

Although the main portion of overseas borrowing in connection with the enterprise will be made in the United Kingdom, the Government has applied for a loan from the Export-Import Bank to finance imports of essential equipment from the dollar area. It is possible that technical advisers from the Bank will investigate the project in New Zealand before arrangements for the loan are completed.

The new town in the vicinity of the mill will initially provide for a population of 3,000-3,500 and later development will cater for a population of 6,000. Plans will be drawn up by the Ministry of Works, but the town will not constitute a State Housing settlement, in that State houses will be dispersed among private properties.

(£N.Z. thousands)

I—RESERVE BANK OF NEW ZEALAND
Liabilities and Assets

| Average of Weekly Figures: | LIABILITIES | | | | | | ASSETS | | | | | | |
|----------------------------|-------------|--------------------|--------|--------|---------|-------------------|-----------------|-------------|---------|-------------------|--------|------------------------------|---------------|
| | Bank Notes | Demand Liabilities | | | Reserve | | | Investments | | Advances to State | | Other Advances and Discounts | Other Assets* |
| | | State | Banks | Other | Gold | Sterling Exchange | Other* Exchange | Overseas | In N.Z. | Market'g Orgns. | Other | | |
| 1946 | 45,169 | 17,302 | 59,731 | 524 | 2,802 | 81,332 | — | 4,124 | 1,867 | 961 | 35,127 | — | 1,396 |
| 1947 | 47,682 | 13,265 | 57,102 | 483 | 2,802 | 85,300 | — | 3,826 | 749 | 1,157 | 28,510 | 5 | 1,046 |
| 1948* | 48,930 | 13,228 | 57,706 | 380 | 2,802 | 65,090 | — | 5,704 | 4,792 | 1,698 | 35,182 | 2,437 | 7,549 |
| 1949 | 51,312 | 11,384 | 73,837 | 355 | 3,223 | 48,995 | — | 7,121 | 34,734 | 3,482 | 37,628 | 4,907 | 1,973 |
| 1950 | 55,126 | 15,446 | 74,239 | 1,232† | 4,269 | 51,319 | 256 | 4,463 | 26,850 | 5,096 | 52,245 | 5,378 | 2,277 |
| 1951 | 60,361 | 18,844 | 69,326 | 4,929† | 5,139 | 62,557 | 383 | 9,988 | 17,119 | 3,379 | 51,134 | 6,829 | 3,224 |
| 1952 | 62,252 | 14,962 | 48,557 | 490† | 5,856 | 23,416 | 1,235 | 30,244 | 11,325 | 2,290 | 50,795 | 6,125 | 1,761 |
| Last Wednesday in Month: | | | | | | | | | | | | | |
| 1952—Mar. | 62,205 | 33,605 | 24,643 | 604 | 5,714 | 21,756 | 510 | 32,140 | 2,042 | 6,321 | 50,000 | 6,019 | 3,215 |
| Apr. | 62,600 | 22,235 | 33,210 | 529 | 5,749 | 23,019 | 406 | 32,140 | 42 | 5,985 | 50,000 | 6,019 | 2,416 |
| May | 61,876 | 15,433 | 41,098 | 489 | 5,873 | 24,818 | 646 | 32,140 | 42 | 4,701 | 50,000 | 6,019 | 2,057 |
| June | 61,225 | 11,530 | 44,426 | 429 | 5,913 | 20,741 | 1,703 | 32,140 | 42 | 4,812 | 50,000 | 6,019 | 3,683 |
| July | 60,374 | 6,794 | 44,370 | 520 | 5,955 | 18,842 | 1,877 | 32,140 | 42 | 3,007 | 50,066 | 6,019 | 420 |
| Aug. | 59,568 | 7,436 | 50,299 | 830 | 5,996 | 20,884 | 2,272 | 32,140 | 4,042 | 1,744 | 50,973 | 6,019 | 612 |
| Sept. | 59,331 | 6,231 | 56,029 | 445 | 6,008 | 17,842 | 2,321 | 32,140 | 8,042 | 764 | 54,691 | 6,019 | 882 |
| Oct. | 60,484 | 10,159 | 63,187 | 322 | 6,009 | 31,992 | 1,376 | 22,090 | 20,042 | 745 | 51,512 | 6,019 | 1,058 |
| Nov. | 62,038 | 7,988 | 68,452 | 216 | 6,012 | 32,157 | 963 | 22,090 | 24,042 | 965 | 52,748 | 6,019 | 747 |
| Dec. | 69,247 | 7,681 | 71,992 | 176 | 6,013 | 30,467 | 652 | 22,090 | 36,042 | 3,007 | 51,214 | 6,019 | 603 |
| 1953—Jan. | 63,626 | 8,200 | 88,846 | 726 | 6,015 | 38,466 | 773 | 22,090 | 36,042 | 4,311 | 54,066 | 6,019 | 809 |
| Feb. | 61,908 | 13,635 | 95,161 | 647 | 6,015 | 48,830 | 844 | 22,090 | 36,042 | 5,187 | 53,163 | 6,019 | 733 |
| Mar. | 62,469 | 17,071 | 69,167 | 488 | 6,015 | 53,283 | 600 | 22,090 | 10,042 | 8,067 | 50,007 | 6,019 | 825 |
| Apr. 1 | 63,011 | 9,381 | 72,026 | 908 | 6,015 | 51,635 | 563 | 21,840 | 10,042 | 5,953 | 50,099 | 6,019 | 1,022 |
| 8 | 63,244 | 10,564 | 73,904 | 391 | 6,016 | 52,453 | 555 | 21,840 | 10,042 | 5,149 | 51,523 | 6,019 | 2,387 |
| 15 | 63,407 | 6,509 | 78,006 | 873 | 6,016 | 54,427 | 849 | 21,840 | 10,042 | 3,115 | 53,573 | 6,019 | 831 |
| 22 | 63,042 | 6,403 | 86,298 | 681 | 6,016 | 56,748 | 669 | 21,840 | 13,042 | 8,034 | 51,102 | 6,019 | 815 |
| 29 | 62,886 | 5,630 | 89,382 | 567 | 6,017 | 58,719 | 727 | 21,840 | 13,042 | 7,717 | 50,036 | 6,019 | 2,239 |

* On and after 20th August, 1948, overseas assets and liabilities converted to N.Z. currency at rate, £Stg.100 = £N.Z.100; previously £Stg.100 = £N.Z.124.

† Prior to 1950 the figures for "Other Exchange" are included under "Other Assets".

‡ Included in these figures are the weekly averages of amounts in Wool Retention Accounts: 1950, £117,000; 1951, £4,204,000; 1952, £6,000. For details of the Wool Retention scheme see text page 19 of February, 1951, issue.

II—TRADING BANKS
Liabilities and Assets

(£N.Z. thousands)

| Average of Monthly Figures: | LIABILITIES (in New Zealand) | | | | ASSETS | | | | | | | Unexercised Overdraft Authorities | |
|-----------------------------|------------------------------|--------------------------|--------|-----------------------------------|----------------|-------------------|--------|-------|------------------------|--------|--|-----------------------------------|--|
| | Demand | Time | | Total Demand and Time Liabilities | Bankers' Cash* | | | | Securities | | | | |
| | | Wool Retention Accounts‡ | Other | | Bankers' Cash* | Net O'seas Assets | Gvt. | Other | Advances and Discounts | | | | |
| 1946 | 117,071 | — | 34,414 | 151,485 | 67,794 | 12,541 | 26,168 | 2,293 | 58,342 | 45,041 | | | |
| 1947 | 128,115 | — | 37,870 | 165,984 | 66,041 | 13,295 | 20,913 | 2,124 | 76,247 | 46,669 | | | |
| 1948* | 138,211 | — | 40,403 | 178,614 | 68,814 | 13,464 | 16,953 | 1,942 | 86,470 | 50,650 | | | |
| 1949 | 150,699 | — | 39,016 | 189,715 | 86,120 | 14,526 | 12,856 | 1,813 | 81,981 | 57,686 | | | |
| 1950 | 167,526 | — | 39,787 | 207,313 | 86,674 | 17,362 | 11,730 | 1,677 | 94,065 | 64,178 | | | |
| 1951 | 196,663 | 19,589 | 39,815 | 256,068 | 83,278 | 27,276 | 11,716 | 1,527 | 133,079 | 72,230 | | | |
| 1952 | 187,478 | 28,612 | 39,373 | 255,463 | 63,730 | 16,985 | 11,701 | 1,335 | 166,560 | 69,888 | | | |
| Last Wednesday in Month: | | | | | | | | | | | | | |
| 1952—Mar. | 189,901 | 30,207 | 47,730 | 267,838 | 38,465 | 22,101 | 11,714 | 1,405 | 187,259 | 64,192 | | | |
| Apr. | 192,133 | 29,446 | 39,091 | 260,670 | 46,018 | 17,796 | 11,714 | 1,389 | 186,623 | 63,755 | | | |
| May | 193,481 | 29,062 | 39,013 | 261,557 | 53,922 | 18,213 | 11,714 | 1,379 | 179,862 | 69,937 | | | |
| June | 192,186 | 28,672 | 38,573 | 259,430 | 56,753 | 19,526 | 11,714 | 1,376 | 173,056 | 68,825 | | | |
| July | 181,615 | 28,093 | 37,904 | 247,612 | 55,860 | 16,622 | 11,687 | 1,285 | 171,224 | 67,700 | | | |
| Aug. | 177,440 | 27,757 | 38,629 | 243,825 | 60,678 | 13,408 | 11,687 | 1,272 | 164,173 | 70,648 | | | |
| Sept. | 179,978 | 27,422 | 38,961 | 246,360 | 66,385 | 12,350 | 11,687 | 1,269 | 158,922 | 70,246 | | | |
| Oct. | 180,876 | 26,995 | 38,417 | 246,289 | 73,651 | 11,390 | 11,687 | 1,266 | 159,368 | 71,702 | | | |
| Nov. | 183,448 | 26,724 | 38,067 | 248,239 | 80,474 | 11,717 | 11,687 | 1,255 | 150,883 | 76,859 | | | |
| Dec. | 186,314 | 26,460 | 37,309 | 250,083 | 86,297 | 18,137 | 11,687 | 1,251 | 141,916 | 80,609 | | | |
| 1953—Jan. | 195,167 | 25,607 | 37,058 | 257,833 | 101,110 | 18,333 | 11,687 | 1,190 | 135,289 | 87,325 | | | |
| Feb. | 208,004 | 24,705 | 36,304 | 269,013 | 106,812 | 23,012 | 11,687 | 1,177 | 129,818 | 89,476 | | | |
| Mar. | 200,271 | 24,061 | 35,951 | 260,284 | 81,376 | 25,742 | 11,687 | 1,175 | 140,449 | 84,582 | | | |

* Bankers' Cash includes Notes and Coin, and Balances at Reserve Bank. † See text pages 19 and 67 of February and May, 1951, issues respectively.

* On and after 20th August, 1948, overseas assets and liabilities converted to N.Z. currency at rate, £Stg.100 = £N.Z.100; previously £Stg.100 = £N.Z.124.

III-FOREIGN EXCHANGE

1. Net Overseas Assets*

| Last Wednesday in Month: | 1950 | | 1951 | | 1952 | | 1953 | | | |
|--------------------------------|---------|-----------------|------------------|---------|-----------------|------------------|--------|-----------------|------------------|---------|
| | Total | Reserve Bank | Trading Banks | Total | Reserve Bank | Trading Banks | Total | Reserve Bank | Trading Banks | Total |
| Jan. | 63,360 | 58,413 | 32,482 | 90,895 | 58,490 | 19,868 | 78,359 | 61,492 | 18,333 | 79,825 |
| Feb. | 67,304 | 65,198 | 34,053 | 99,251 | 56,670 | 22,694 | 79,364 | 71,809 | 23,012 | 94,821 |
| Mar. | 74,175 | 68,254 | 31,504 | 99,758 | 56,662 | 22,101 | 78,764 | 76,192 | 25,742 | 101,934 |
| Apr. | 82,285 | 72,410 | 30,000 | 102,410 | 57,035 | 17,796 | 74,831 | | | |
| May | 89,241 | 80,410 | 34,018 | 114,428 | 58,898 | 18,213 | 77,111 | | | |
| June | 87,016 | 83,824 | 39,492 | 123,316 | 55,062 | 19,526 | 74,588 | | | |
| July | 83,509 | 83,454 | 40,059 | 123,513 | 52,886 | 16,622 | 69,507 | | | |
| Aug. | 78,402 | 94,150 | 23,712 | 117,862 | 55,391 | 13,408 | 68,799 | | | |
| Sept. | 71,009 | 91,914 | 18,802 | 110,716 | 52,456 | 12,350 | 64,806 | | | |
| Oct. | 68,843 | 83,855 | 14,108 | 97,963 | 55,512 | 11,390 | 66,902 | | | |
| Nov. | 63,541 | 72,947 | 13,401 | 86,347 | 55,281 | 11,717 | 66,998 | | | |
| Dec. | 72,984† | 66,123† | 15,680† | 81,803† | 53,426 | 18,137 | 71,563 | | | |

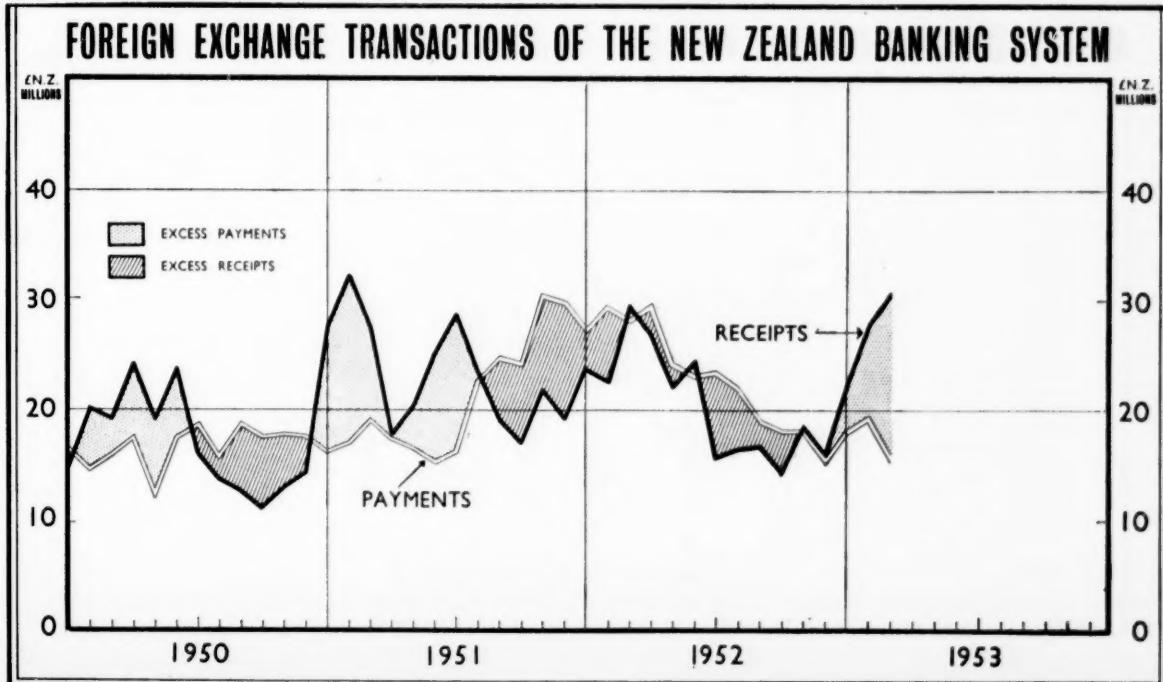
* Foreign exchange and overseas investments held by the New Zealand banking system in respect of New Zealand business, less overseas liabilities. The Reserve Bank figures include not only sterling exchange as formerly, but also other foreign exchange holdings and overseas investments. † Last Wednesday before Christmas.

(£N.Z. thousands)

2. Foreign Exchange Transactions of New Zealand Banking System

| Calendar Month | 1952 | | | | 1953 | | | | | |
|-------------------|----------|--------|----------|--------|-------------------------------|----------|-------|----------|-------|---------|
| | RECEIPTS | | PAYMENTS | | Balance of Transactions | RECEIPTS | | PAYMENTS | | |
| | Exports | Other | Imports* | Other | | Exports | Other | Imports* | Other | |
| Jan. | 20,368 | 2,272 | 27,296 | 2,071 | - 6,728 | 25,896 | 2,064 | 16,769 | 2,536 | + 6,654 |
| Feb. | 24,674 | 4,589 | 25,276 | 2,949 | + 1,038 | 29,113 | 1,549 | 12,901 | 2,768 | +14,992 |
| Mar. | 24,381 | 2,564 | 24,777 | 4,699 | - 2,531 | 25,583 | 2,499 | 16,508 | 6,897 | + 4,676 |
| April | 18,967 | 3,208 | 20,704 | 3,434 | - 1,963 | | | | | |
| May | 21,818 | 2,594 | 20,003 | 2,973 | + 1,436 | | | | | |
| June | 13,593 | 1,983 | 20,200 | 3,149 | - 7,773 | | | | | |
| July | 13,927 | 2,438 | 19,033 | 2,984 | - 5,652 | | | | | |
| Aug. | 14,761 | 1,905 | 16,257 | 2,982 | - 2,573 | | | | | |
| Sept. | 12,177 | 2,245 | 15,168 | 3,081 | - 3,828 | | | | | |
| Oct. | 16,752 | 1,693 | 15,091 | 2,984 | + 370 | | | | | |
| Nov. | 13,904 | 1,986 | 13,261 | 2,209 | + 421 | | | | | |
| Dec. | 20,587 | 1,976 | 13,196 | 5,026 | + 4,340 | | | | | |
| Total | 215,909 | 29,452 | 230,262 | 38,541 | - 23,441 | | | | | |

* Includes estimated payments for Government imports.

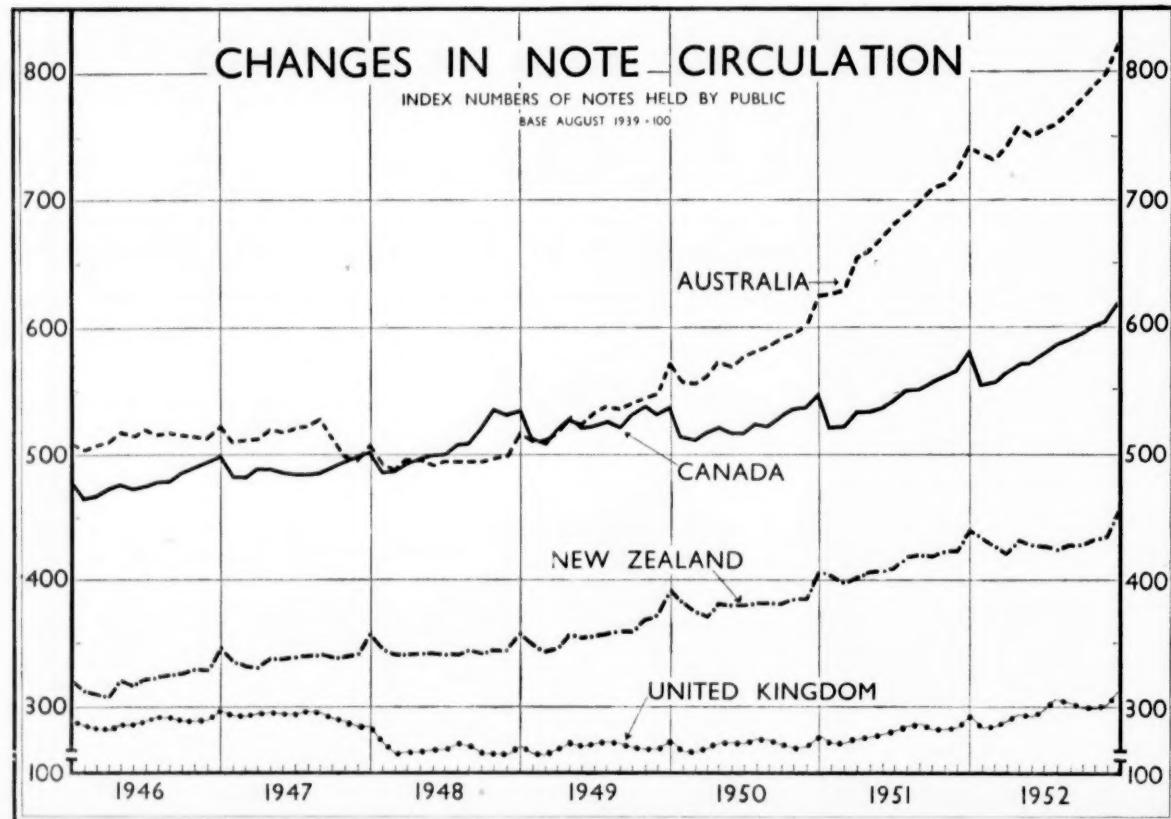


IV-CHANGES IN NOTE CIRCULATION
Index Numbers of Notes Held by the Public

Base : August, 1939=100.

| Monthly: | 1950 | | | | 1951 | | | | 1952 | | | |
|----------|-----------------|---------|-----------|-------------|-----------------|---------|-----------|-------------|-----------------|---------|-----------|-------------|
| | United Kingdom* | Canada† | Australia | New Zealand | United Kingdom* | Canada† | Australia | New Zealand | United Kingdom* | Canada† | Australia | New Zealand |
| Jan. | 265 | 514 | 556 | 382 | 271 | 521 | 626 | 403 | 284 | 554 | 737 | 434 |
| Feb. | 264 | 512 | 555 | 375 | 271 | 523 | 630 | 397 | 285 | 556 | 733 | 424 |
| Mar. | 267 | 517 | 560 | 372 | 275 | 533 | 655 | 401 | 289 | 565 | 743 | 421 |
| Apr. | 271 | 521 | 573 | 382 | 276 | 534 | 660 | 406 | 294 | 571 | 757 | 432 |
| May | 271 | 517 | 569 | 380 | 278 | 536 | 671 | 407 | 293 | 572 | 751 | 427 |
| June | 271 | 517 | 577 | 380 | 281 | 543 | 682 | 409 | 298 | 579 | 756 | 426 |
| July | 275 | 524 | 581 | 382 | 285 | 550 | 690 | 419 | 306 | 586 | 760 | 424 |
| Aug. | 274 | 523 | 585 | 382 | 286 | 551 | 699 | 420 | 303 | 590 | 770 | 427 |
| Sept. | 270 | 529 | 591 | 381 | 282 | 557 | 709 | 419 | 299 | 595 | 780 | 427 |
| Oct. | 268 | 535 | 595 | 385 | 283 | 562 | 713 | 423 | 299 | 602 | 790 | 433 |
| Nov. | 269 | 537 | 601 | 385 | 284 | 567 | 722 | 423 | 301 | 606 | 798 | 434 |
| Dec. | 277 | 546 | 625 | 406 | 293 | 581 | 742 | 440 | 313 | 619 | 823 | 454 |

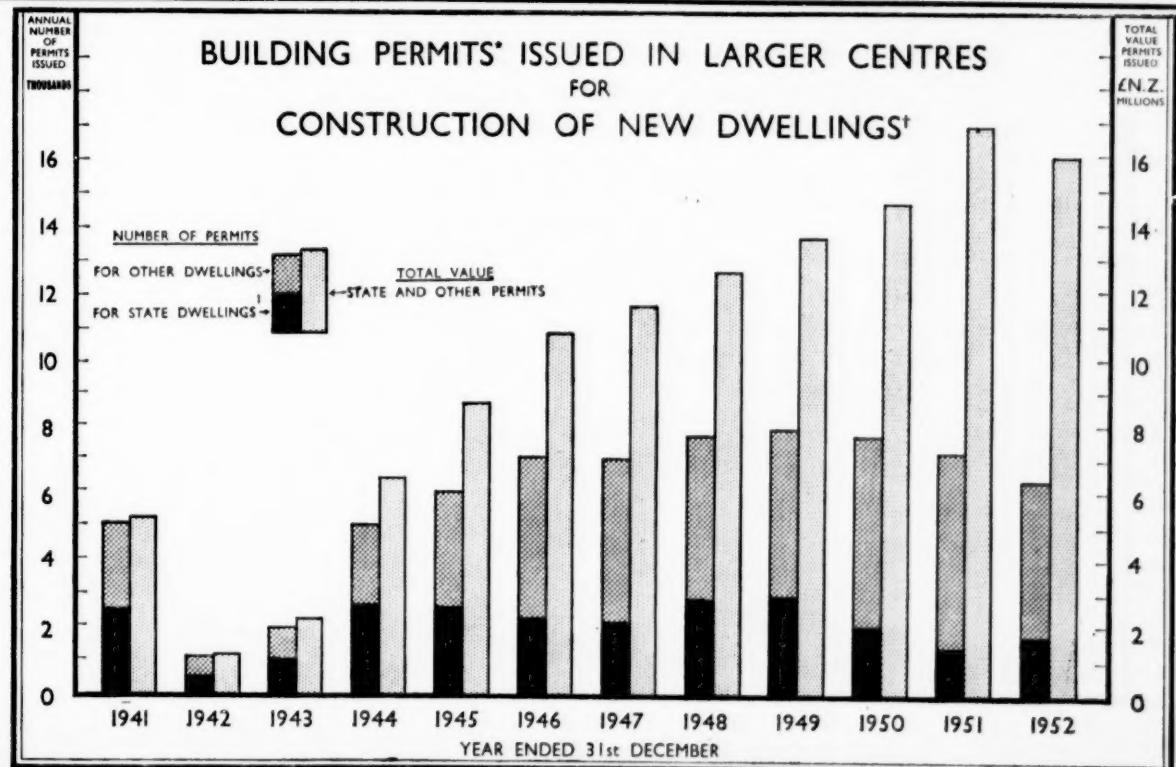
* Notes and coin excluding notes and coin held by Bank of England Reserve, London Clearing Banks and Scottish and N. Ireland Banks.
 † Chartered Bank note circulation and Bank of Canada notes—average of daily figures.



V-BUILDING PERMITS IN LARGER CENTRES*

Source: Census and Statistics Department

| Year Ended 31st December | New Buildings | | | | | | | | Alterations and Additions | Total Permits |
|-----------------------------|------------------|--------|-------|--------|-----------------|------------------|-------|------------------|---------------------------------|------------------|
| | Dwellings Only † | | | | Other Buildings | | Total | | | |
| | State Scheme‡ | Others | Total | | No. | Value (£'000) | No. | Value (£'000) | Value (£'000) | Value (£'000) |
| 1939 | 3,301 | 3,384 | 6,685 | 6,570 | 384 | 2,188 | 7,069 | 8,758 | 1,563 | 10,321 |
| 1946 | 2,288 | 4,761 | 7,049 | 10,786 | 499 | 3,107 | 7,548 | 13,893 | 2,920 | 16,813 |
| 1947 | 2,222 | 4,808 | 7,030 | 11,562 | 396 | 1,952 | 7,426 | 13,514 | 2,575 | 16,089 |
| 1948 | 2,871 | 4,846 | 7,717 | 13,415 | 389 | 2,256 | 8,106 | 15,671 | 3,010 | 18,680 |
| 1949 | 2,944 | 4,974 | 7,918 | 14,461 | 630 | 2,138 | 8,548 | 16,599 | 4,772 | 21,371 |
| 1950 | 2,028 | 5,661 | 7,689 | 15,462 | 713 | 2,984 | 8,402 | 18,446 | 5,961 | 24,407 |
| 1951** | 1,385 | 5,814 | 7,199 | 16,900 | 806 | 5,687 | 8,005 | 22,587 | 6,731 | 29,318 |
| 1952** | 1,741 | 4,604 | 6,345 | 16,060 | 893 | 7,103 | 7,238 | 23,163 | 7,945 | 31,107 |
| Monthly † | | | | | | | | | | |
| 1952—Feb. | 144 | 608 | 752 | 1,800 | 82 | 494 | 834 | 2,294 | 740 | 3,034 |
| Mar. | 183 | 664 | 847 | 1,949 | 136 | 1,255 | 983 | 3,204 | 1,444 | 4,648 |
| Apr. | 182 | 569 | 751 | 1,807 | 125 | 813 | 876 | 2,620 | 596 | 3,215 |
| May | 168 | 590 | 758 | 1,809 | 109 | 636 | 867 | 2,445 | 723 | 3,167 |
| June | 163 | 535 | 698 | 1,690 | 110 | 501 | 808 | 2,191 | 640 | 2,831 |
| July | 218 | 677 | 895 | 2,191 | 123 | 647 | 1,018 | 2,838 | 896 | 3,735 |
| Aug. | 183 | 605 | 788 | 1,900 | 111 | 628 | 899 | 2,528 | 805 | 3,332 |
| Sept. | 221 | 728 | 949 | 2,206 | 131 | 452 | 1,080 | 2,658 | 756 | 3,415 |
| Oct. | 244 | 674 | 918 | 2,220 | 100 | 707 | 1,018 | 2,927 | 752 | 3,679 |
| Nov. | 216 | 624 | 840 | 2,036 | 105 | 1,026 | 945 | 3,062 | 623 | 3,685 |
| Dec. | 131 | 660 | 791 | 1,846 | 78 | 506 | 869 | 2,352 | 620 | 2,972 |
| 1953—Jan. | 277 | 441 | 718 | 1,842 | 65 | 337 | 783 | 2,179 | 488 | 2,667 |
| Feb. | 259 | 592 | 851 | 2,170 | 116 | 475 | 967 | 2,645 | 742 | 3,387 |



* Includes particulars of new buildings and alterations commenced by State Departments although permits may not actually be issued. † Includes flats, each being counted as a separate dwelling.

** Figures are comparable with earlier years as the additional local authorities (from which returns have been received since 1st April, 1951) are omitted.

‡ Dwellings commenced by the Housing Construction Branch of the Public Works Department, including houses for State Departments. In addition, some dwellings have been constructed by this Branch in districts not covered by these statistics.

§ Figures not comparable with year ended 31st December figures. From April, 1951, figures from additional local authorities included in statistics.

VI—CONTRACT PRICES FOR EXPORTS
United Kingdom Bulk-Purchase Contract Prices

1. Meat. (Major Classes)

Source: New Zealand Meat Producers Board

| DESCRIPTION | (Carcass weight, lbs.) | SEASON | | | | | |
|--------------------------------|------------------------|---------|---------|---------|---------|---------|---------|
| | | 1939-40 | 1948-49 | 1949-50 | 1950-51 | 1951-52 | 1952-53 |
| Lambs— | | | | | | | |
| Prime Down Cross | 23/36 | 6.3750 | 10.8375 | 11.6503 | 12.4003 | 14.3866 | 16.25 |
| | 37/42 | 6.3125 | 10.7312 | 11.5361 | 12.2861 | 14.1986 | 16.06 |
| Prime Canterbury | 23/36 | 6.3125 | 10.7312 | 11.5361 | 12.2861 | 14.2002 | 16.06 |
| | 37/42 | 6.1875 | 10.5187 | 11.3076 | 12.0577 | 13.8888 | 15.76 |
| Prime Crossbred | 23/36 | 6.1875 | 10.5187 | 11.3076 | 12.0577 | 13.9362 | 15.81 |
| | 37/42 | 6.1250 | 10.4125 | 11.1934 | 11.9434 | 13.7572 | 15.63 |
| Seconds | 23/36 | 5.8750 | 9.9875 | 10.7366 | 10.7366 | 12.4341 | 15.03 |
| Wethers— | | | | | | | |
| Prime | 49/56 | 3.8750 | 6.5875 | 7.0816 | 7.0816 | 7.9775 | 9.57 |
| | 57/64 | 3.6875 | 6.2687 | 6.7389 | 6.7389 | 7.5914 | 9.11 |
| | 65/72 | 3.5000 | 5.9500 | 6.3962 | 6.3962 | 7.2053 | 8.10 |
| Seconds | 56 and under | 3.6875 | 6.2687 | 6.7389 | 6.7389 | 7.3039 | 8.76 |
| Ewes | 64 and under | 2.7500 | 4.6750 | 5.0256 | 5.0256 | 5.4906 | 5.49 |
| Quarter Beef (bone in)— | | | | | | | |
| Ox and Heifer G.A.Q. Sides | All weights | 3.5050 | 5.9585 | 6.4054 | 7.2378* | 10.9600 | 12.61 |
| Cow G.A.Q. Sides | All weights | 2.8600 | 4.8620 | 5.2266 | 5.2266 | 7.2404 | 8.33 |
| Porkers (unsinged)— | | | | | | | |
| Full carcases 1st quality | | 6.0625 | 10.6701 | 11.4702 | 14.4702 | 19.2000 | 23.57 |
| Sides 1st quality | | 6.3125 | 11.1100 | 11.9432 | 14.9432 | 20.8125 | 29.95 |
| Baconers (singled)— | | | | | | | |
| Full carcases 1st quality | | 6.1250 | 10.7800 | 11.5885 | 14.5885 | 17.2672 | 18.19 |
| Sides 1st quality | | 6.8125 | 11.9900 | 12.8892 | 15.8892 | 20.2906 | 20.94 |

* An increase of 2.8045d. was granted from 23 April, 1951.

2. Tallow. (Major Classes)

Sources: New Zealand Meat Producers Board and
New Zealand Year Book

| GRADE | SEASON | | | | | |
|--|---------|----------|---------|---------|----------|--|
| | 1939-40 | 1948-49 | 1949-50 | 1950-51 | 1951-52 | 1952-53 |
| <i>£ (sterling) per ton—c. & f. to U.K. port</i> | | | | | | |
| First Mutton | 26 10 0 | 117 0 0 | 85 10 0 | 83 10 0 | 111 5 0 | Contract not renewed after 30th September, 1952. |
| Good colour mixed | 23 10 0 | 110 0 0 | 80 10 0 | 78 10 0 | 104 15 0 | |
| Good gut | 21 0 0 | 103 10 0 | 75 10 0 | 73 10 0 | 98 0 0 | |

3. Dairy Produce

Source: New Zealand Dairy Products Marketing Commission

| PRODUCT | SEASON | | | | | |
|---|---------|---------|---------|---------|---------|---------|
| | 1939-40 | 1948-49 | 1949-50 | 1950-51 | 1951-52 | 1952-53 |
| <i>Shillings (sterling) per cwt.—f.o.b. N.Z. port</i> | | | | | | |
| Creamery Butter— | | | | | | |
| Finest Grade 93 points and over | 112/6 | 235/- | 252/6 | 271/6 | 292/- | 314/- |
| First grade 90-92½ points | 111/3 | 233/9 | 251/3 | 270/3 | 290/9 | 312/9 |
| Cheese— | | | | | | |
| Finest and First Grade 91 points and over | 64/3 | 133/- | 141/6 | 151/- | 161/6 | 176/- |
| Casein— | | | | | | |
| Lactic | — | 100 0 0 | 105 0 0 | 105 0 0 | .. | .. |
| Rennet | — | 100 0 0 | 100 0 0 | 100 0 0 | .. | .. |
| Processed Milk— | | | | | | |
| Skim Milk Powder: | | | | | | |
| Spray Dried | — | 77 10 0 | 77 10 0 | 77 10 0 | 84 10 0 | 91 0 0 |
| Roller Dried | — | — | 65 0 0 | 65 0 0 | 70 0 0 | 75 10 0 |
| Buttermilk Powder: | | | | | | |
| Roller Dried | — | 60 0 0 | 60 0 0 | 60 0 0 | 60 0 0 | 65 0 0 |
| Evaporated Milk | — | 70 0 0 | 70 0 0 | 70 0 0 | 85 3 4 | 91 0 0 |

VII—NEW ZEALAND OVERSEAS TRADE
2. Exports of New Zealand Produce*

Source: Census and Statistics Department

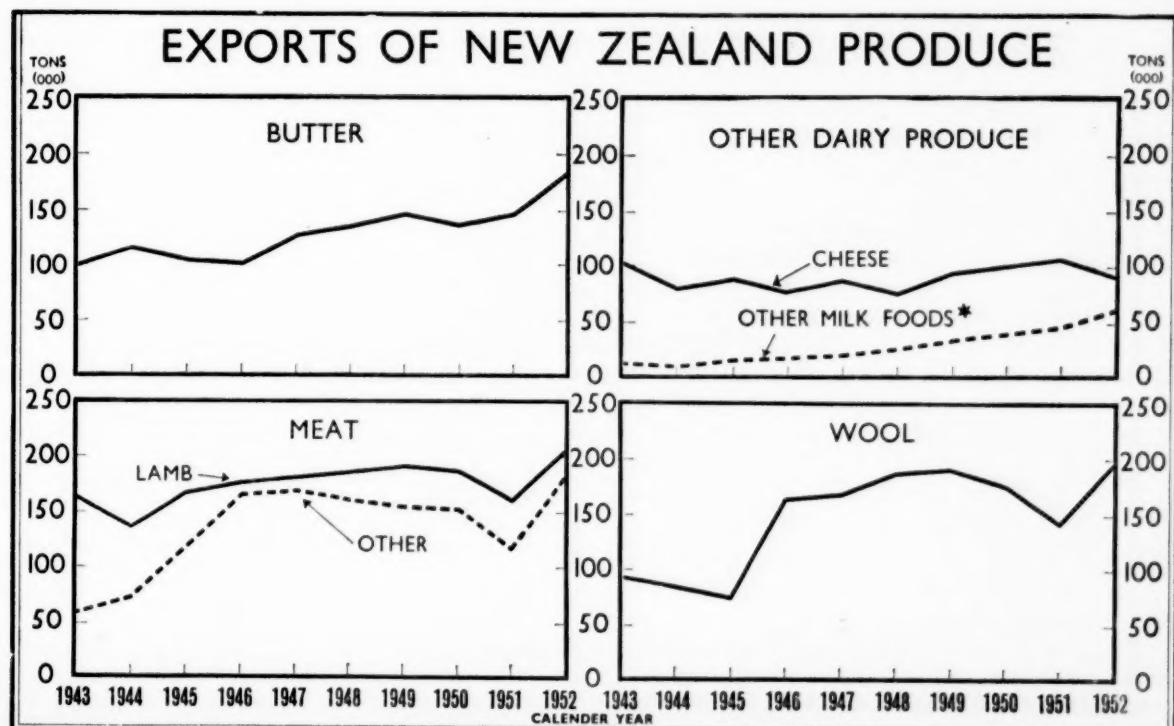
| Calendar Year | Butter | | Cheese | | All Dairy Produce † | Mutton | | Lamb | | Beef | | All Meat † |
|---------------|----------|--------|----------|--------|---------------------|----------|--------|----------|--------|----------|--------|------------|
| | Tons 000 | £NZ000 | Tons 000 | £NZ000 | | Tons 000 | £NZ000 | Tons 000 | £NZ000 | Tons 000 | £NZ000 | |
| 1939 | 122.2 | 16,111 | 83.9 | 5,870 | 22,452 | 61.8 | 1,968 | 138.9 | 9,152 | 49.9 | 1,761 | 16,423 |
| 1945 | 103.5 | 19,278 | 87.4 | 9,519 | 29,952 | 73.2 | 2,792 | 166.1 | 12,335 | 21.5 | 1,122 | 19,437 |
| 1946 | 101.8 | 19,841 | 75.7 | 8,448 | 29,617 | 78.3 | 3,413 | 173.4 | 14,548 | 55.0 | 2,977 | 26,325 |
| 1947 | 127.6 | 28,836 | 87.0 | 11,621 | 42,535 | 76.3 | 4,088 | 179.2 | 18,470 | 61.2 | 3,931 | 32,323 |
| 1948 | 135.6 | 33,758 | 75.6 | 11,197 | 47,839 | 66.1 | 3,651 | 183.2 | 18,267 | 59.6 | 3,578 | 32,156 |
| 1949 | 147.6 | 35,450 | 93.9 | 12,674 | 51,861 | 66.9 | 3,535 | 190.0 | 17,947 | 51.1 | 2,922 | 30,439 |
| 1950 | 137.4 | 34,856 | 99.9 | 14,211 | 53,685 | 68.2 | 4,242 | 185.7 | 18,466 | 50.6 | 2,990 | 32,169 |
| 1951 | 147.1 | 41,362 | 106.6 | 16,650 | 63,329 | 49.2 | 2,575 | 159.5 | 17,238 | 36.3 | 2,430 | 31,303 |
| 1952 | 183.5 | 55,929 | 91.3 | 15,769 | 80,108 | 91.6 | 5,132 | 203.3 | 25,294 | 52.2 | 4,779 | 50,445 |

| Calendar Year | Wool | | Sheep-skins | | Other Hides and Skins ‡ | Tallow | | Grass and Clover Seeds | | Gold | | Total Exports * |
|---------------|----------|---------|-------------|--------|-------------------------|--------|----------|------------------------|----------|---------|--------|-----------------|
| | Tons 000 | £NZ000 | 000 | £NZ000 | | £NZ000 | Tons 000 | £NZ000 | Tons 000 | £NZ000 | Ounces | £NZ000 |
| 1939 | 123.8 | 11,666 | 15,157 | 1,460 | 1,080 | 29.1 | 457 | 2.3 | 285 | 176,370 | 1,629 | 57,448 |
| 1945 | 74.2 | 12,661 | 15,229 | 2,402 | 2,606 | 30.8 | 844 | 8.3 | 1,795 | 121,084 | 1,263 | 78,516 |
| 1946 | 163.1 | 26,593 | 15,478 | 2,491 | 3,253 | 24.7 | 1,063 | 7.5 | 1,942 | 111,531 | 1,185 | 100,307 |
| 1947 | 167.5 | 31,933 | 17,040 | 6,014 | 4,369 | 25.7 | 2,354 | 7.4 | 1,663 | 98,557 | 1,035 | 127,713 |
| 1948 | 188.0 | 44,496 | 17,158 | 5,658 | 3,815 | 20.1 | 2,154 | 8.7 | 1,701 | 58,400 | 609 | 146,469 |
| 1949 | 191.8 | 46,553 | 17,415 | 3,856 | 2,824 | 25.4 | 2,599 | 8.1 | 1,523 | 63,854 | 608 | 146,112 |
| 1950 | 175.9 | 74,653 | 17,461 | 6,736 | 3,260 | 29.6 | 3,217 | 8.2 | 2,084 | 110,486 | 1,311 | 182,342 |
| 1951 | 141.5 | 128,176 | 14,705 | 9,033 | 3,828 | 29.7 | 2,553 | 4.4 | 1,246 | 68,929 | 844 | 246,394 |
| 1952 | 195.6 | 81,998 | 20,092 | 6,417 | 3,533 | 48.6 | 4,717 | 8.2 | 2,107 | 66,616 | 798 | 238,659 |

* Excludes small quantities of re-exports.

† Includes small classes not listed.

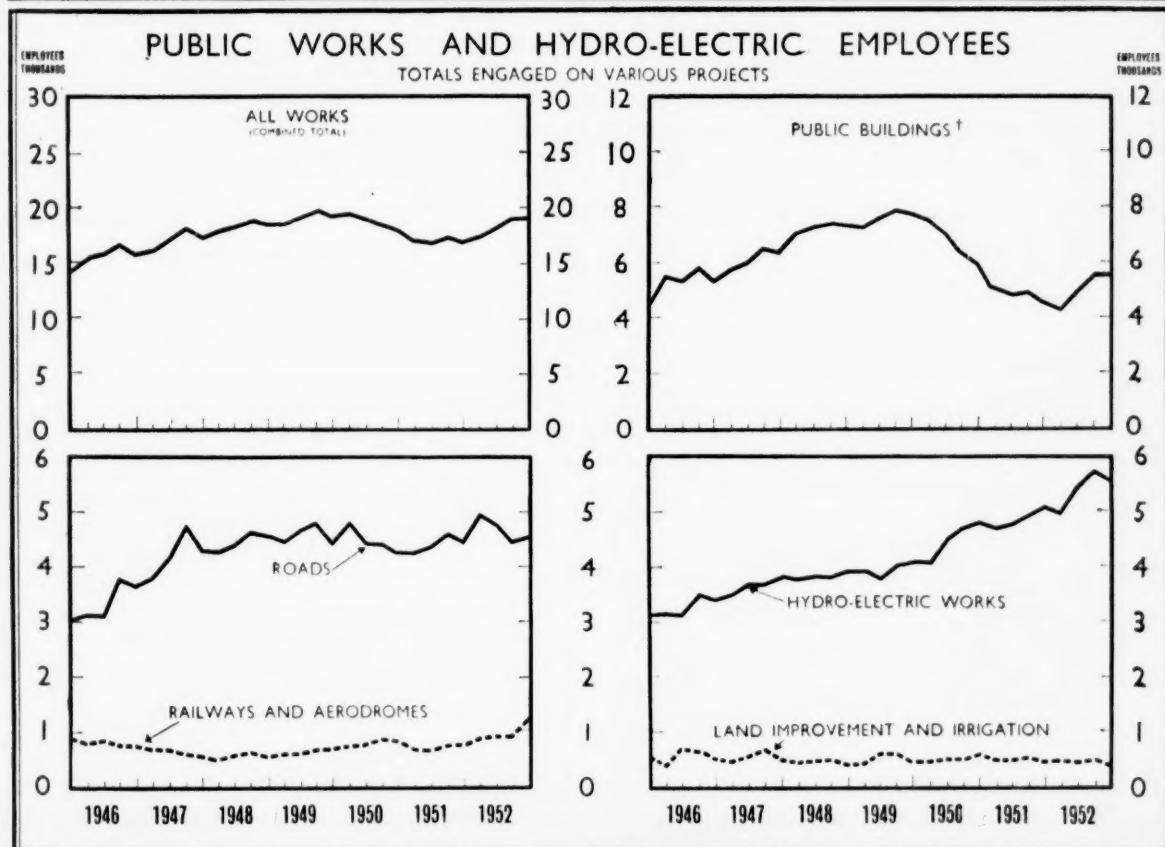
‡ Cattle, calf, rabbit and other, n.e.i.



VIII—PUBLIC WORKS AND HYDRO-ELECTRIC EMPLOYEES

Source: Census and Statistics Department

| Average for Calendar Year | Roads, including Main Highways | Aerodromes | Railways | Hydro- Electric Works | Public Buildings† | Land Improvement, Drainage and Afforestation | Irrigation | Other Works | Total |
|---------------------------------|---|------------|----------|-----------------------------|----------------------|--|------------|----------------|--------|
| 1942 | 2,847 | 1,918 | 502 | 1,323 | 2,055 | 170 | 377 | 5,491 | 14,683 |
| 1943 | 2,614 | 870 | 466 | 1,768 | 1,984 | 127 | 190 | 6,485 | 14,504 |
| 1944 | 2,816 | 324 | 475 | 2,754 | 4,052 | 133 | 236 | 3,493 | 14,283 |
| 1945 | 2,880 | 250 | 454 | 2,919 | 4,540 | 491 | | 2,564 | 14,098 |
| 1946 | 3,380 | 399 | 396 | 3,249 | 5,427 | 555 | | 2,273 | 15,679 |
| 1947 | 4,205 | 382 | 249 | 3,662 | 6,092 | 296 | 206 | 2,037 | 17,128 |
| 1948 | 4,446 | 417 | 134 | 3,823 | 7,079 | 282 | 153 | 1,885 | 18,219 |
| 1949 | 4,515 | 417 | 213 | 3,895 | 7,609 | 370 | 121 | 1,865 | 19,005 |
| 1950 | 4,472 | 436 | 333 | 4,410 | 6,902 | 336 | 148 | 1,849 | 18,886 |
| 1951 | 4,361 | 377 | 336 | 4,818 | 4,961 | 354 | 133 | 1,766 | 17,106 |
| 1952 | 4,659 | 386 | 551 | 5,326 | 4,968 | 338 | 102 | 1,772 | 18,102 |
| Quarterly: | | | | | | | | | |
| 1950—Mar. | 4,779 | 410 | 301 | 4,053 | 7,491 | 320 | 120 | 1,991 | 19,465 |
| June | 4,395 | 422 | 342 | 4,486 | 7,003 | 352 | 147 | 1,836 | 18,983 |
| Sept. | 4,395 | 500 | 351 | 4,678 | 6,309 | 350 | 148 | 1,768 | 18,499 |
| Dec. | 4,215 | 420 | 398 | 4,787 | 5,831 | 322 | 251 | 1,764 | 17,988 |
| 1951—Mar. | 4,223 | 368 | 295 | 4,681 | 5,058 | 340 | 125 | 1,777 | 16,867 |
| June | 4,316 | 361 | 285 | 4,763 | 4,790 | 356 | 110 | 1,771 | 16,752 |
| Sept. | 4,576 | 380 | 364 | 4,919 | 4,844 | 385 | 125 | 1,795 | 17,388 |
| Dec. | 4,441 | 378 | 398 | 5,033 | 4,476 | 349 | 93 | 1,680 | 16,848 |
| 1952—Mar. | 4,940 | 358 | 529 | 4,941 | 4,286 | 366 | 86 | 1,802 | 17,308 |
| June | 4,754 | 402 | 517 | 5,396 | 4,984 | 330 | 109 | 1,679 | 18,171 |
| Sept. | 4,458 | 401 | 536 | 5,696 | 5,575 | 351 | 118 | 1,834 | 18,969 |
| Dec. | 4,526 | 386 | 851 | 5,508 | 5,575 | 264 | 98 | 1,866 | 19,074 |



† Including employees on Housing Division work.